



February 27, 2006

TO:

Ralph Robertson, Eastern Region      Steve Roark, Olympic Region, 47440  
Kirk Berg, North Central Region      Bill Vlcek, Northwest Region NB82-101  
Phil Nickson, South Central Region      Glenn Schneider, Southwest Region, S15  
Russ East, WSF, TB-83      Al Dyer, Urban Corridors Office, TB85-99

FROM: For Kevin J. Dayton  
360-705-7821

SUBJECT: Fuel cost adjustments for force account

Many of you may have received a letter from Equipment Watch with regard to the lack of equipment force account rates keeping up with the increasing price of fuel (see enclosed.) As you are probably aware our specifications reference the Blue Book as modified by the current AGC-WSDOT Equipment Rental Agreement as the resource for determining compensation for force account use of equipment (1-09.6 (3).) WSDOT's and AGC's philosophy behind the agreement has been to structure force account payments such that the contractor is fully compensated for costs. The intent is to avoid having contingencies being bid into the contract for items such as increased fuel costs that may not be incurred.

In keeping with this philosophy the AGC/WSDOT Administration team has agreed to a fair and simple method to make an interim fuel cost adjustment to equipment rates. Instead of calculating multiple rates we have agreed to one **12%** across the board adjustment to **operating cost**. The enclosed Supplemental Equipment Rental Agreement will be effective from March 1st, 2006 until July 15<sup>th</sup> 2006. July 15<sup>th</sup> 2006 is the date that updated equipment rates from Equipment Watch will be paid. Based on a review of the new rates another supplemental agreement may or may not be necessary.

Please advise your project offices of this change. The standard specifications refer to the "current" version of the agreement therefore no change order is necessary. The force account software has been modified to automatically calculate the fuel cost adjustment and add it to the FHWA rate on the equipment worksheet. The fuel cost adjustment will not be included in the standby rate. The only requirement for this application to correctly calculate the adjustment is to be sure the operating cost is input as well as the FHWA rate. Do not apply the 12% adjustment to the operating cost prior to entering it into the Force Account Application. The adjustment will only be calculated on force account sheets with work dates that fall within the effective dates of the supplement. Underlined terms are input fields in the force account software.

For those that do not use the Force Account Application, a manual increase of 12% must be added to the Rental Rate Blue Book Hourly Operating Cost for work performed during the effective dates of the Supplemental Agreement.